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Coverage
United Kingdom
Theme
Economy

2001 e-commerce survey: online trading by UK business by sector

The last stage of results¹ from the 2001 e-commerce survey of UK businesses are published today by the Office for National Statistics (ONS). The survey was of 12,000 businesses of all sizes² across most of the economy and indicated that in 2001, excluding the financial sectors³, the Wholesale/Retail/Catering/Travel/Telecommunications sector accounted for the largest share of sales made online, that is over the internet. The total value of online sales excluding the financial sectors was £18.4 bn, with the above sector accounting for £11.7bn, that is 64 per cent.

On a comparable basis with the 2000 survey, that is excluding businesses with less than ten in employment, this represents an increase of 62 per cent⁴.

The second largest sector was the Manufacturing/Electricity, gas and water supply/Construction sector, with £4.5bn or 24 per cent of total online sales. This equates to a 13 per cent increase since 2000.

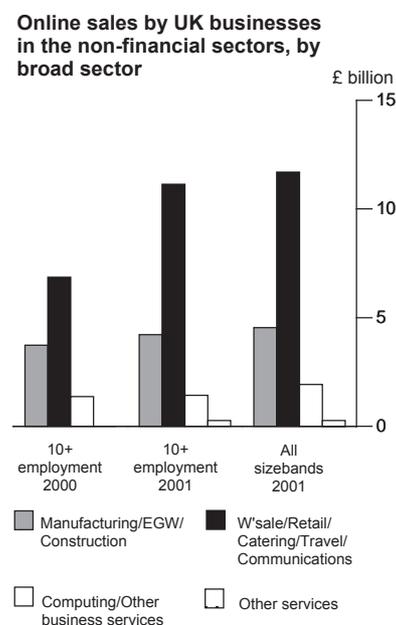


Table 1: Online sales by UK businesses in the non-financial sectors, by broad sector

	2000 ^r	2001	
		(10 or more employment)	(All sizebands)
<i>£bn</i>			
Manufacturing/EGW ⁵ /Construction	3.7	4.2	4.5
W'sale/Retail/Catering/Travel/Telecommunications	6.9	11.1	11.7
Computing/Other business services	1.4	1.4	1.9
Other services	n/a	0.3	0.3
Total	12.0	17.0	18.4

r = revised

1 The first two stages of 2001 results were released on 22 August and 8 October. All estimates in this release are for firms classified to the non-financial sector.

2 The 2000 survey covered businesses with more than 10 in employment; the 2001 survey covered businesses of all sizes

3 The methodology underpinning estimates for the financial sector is under review.

4 The 2000 estimate has been revised due to company misreporting.

5 Electricity, gas and water supply.

Issued by
National Statistics
1 Drummond Gate
London SW1V 2QQ

Telephone
Press Office 020 7533 5725
Public Enquiries 0845 601 3034

Statistician
Debra Prestwood 01633 813063
Email debra.prestwood@ons.gov.uk

Internet
www.statistics.gov.uk

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The 2000 survey was the first of its kind and revisions have occurred due to company misreporting, and improved estimation for non-response. Care must be taken in making comparisons between years given that the survey was extended for 2001 to include businesses with less than 10 in employment, and a number of additional industry sectors.

Online sales to households and business

In 2001 online sales to households by UK businesses in the non-financial sectors were dominated by the Wholesale/Retail/Catering/Travel/Telecommunications sector (Table 2). In this sector £5.3bn or 80 per cent of online sales were to households. The next largest share of online sales to households was by the Manufacturing/Electricity, gas and water supply/Construction sector, with £0.6bn or 9 per cent, closely followed by the Computing/Other business services sector with 8 per cent.

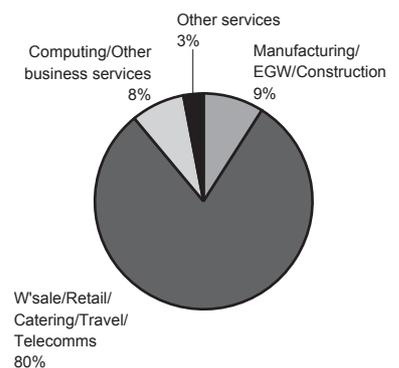
The Wholesale/Retail/Catering/Travel/Telecommunications sector also had the largest share of online sales to businesses in 2001, with £6.4bn or 54 per cent (Table 2). This was followed by the Manufacturing/Electricity, gas and water supply/Construction sector with £4.0bn or 34 per cent, and the Computing/Other business services sector with £1.4bn or 12 per cent.

Online purchases

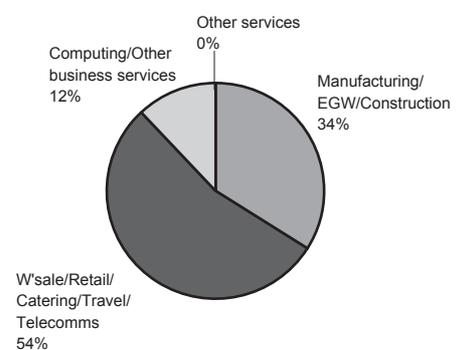
The sectors most active in online selling in 2001 were reflected in online purchasing activity. However the year on year growth in online purchasing by the Manufacturing/Electricity, gas and water supply/Construction and Computing/Other business services sectors was greater than the year on year growth by the Wholesale/Retail/Catering/Travel/Telecommunications sector; 34 per cent, 23 per cent and 17 per cent respectively (Table 3).

Of the non-financial sectors the Wholesale/Retail/Catering/Travel/Telecommunications sector made the most purchases online with £11.9bn, or 51 per cent of total online purchases. Allowing for the coverage differences between the two years, this represents an increase of 17 per cent from £8.7bn in 2000 to £10.2bn in 2001.

Online sales to households by UK non-financial sector businesses, by broad sector, 2001



Online sales to business by UK non-financial sector businesses, by broad sector, 2001



The second largest in terms of online purchasing was the Manufacturing/Electricity, gas and water supply/Construction sector, with £7.8bn or 33 per cent of total online purchases. On a comparable basis with 2000 this represents a 34 per cent increase. The third largest was the Computing/Other business services sector with £3.4bn of online purchases, less than half the share of the second largest sector, but a 23 per cent increase on 2000.

Online purchases by UK businesses in the non-financial sectors, by broad sector

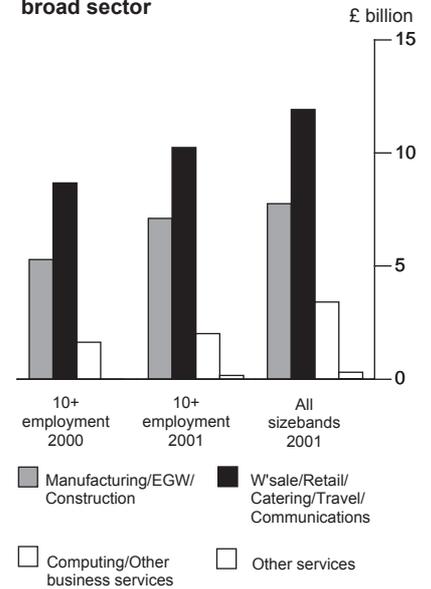


Table 2: Online sales to households and business by UK non-financial sector businesses, by broad sector

	2001 Online sales to households	2001 Online sales to business
<i>£bn</i>		
Manufacturing/EGW ¹ /Construction	0.6	4.0
W'sale/Retail/Catering/Travel/Telecomms	5.3	6.4
Computing/Other business services	0.5	1.4
Other services	0.2	0.0
Total	6.6	11.8

1 Electricity, gas and water supply

Table 3: Online purchases by UK non-financial sector businesses, by broad sector

	2000 ^r	2001 (10 or more employment)	2001 (All sizebands)
<i>£bn</i>			
Manufacturing/EGW ¹ /Construction	5.3	7.1	7.8
W'sale/Retail/Catering/Travel/Telecomms	8.7	10.2	11.9
Computing/Other business services	1.6	2.0	3.4
Other services	n/a	0.2	0.3
Total	15.6	19.5	23.4

1 Electricity, gas and water supply

^r = revised

BACKGROUND NOTES

1. E-commerce is having a huge impact on the way businesses operate. It has the potential to lead to growth in trade, increase markets, improve efficiency and effectiveness and transform business processes. In 2001, the ONS developed a package of measures that will help monitor the UK's use of e-commerce.
2. One strand of the strategy is the E-commerce Inquiry, an annual survey of UK business, which asks about their use of, and attitude to, the Internet and e-commerce. This is the second survey of its kind and was despatched in January 2002 in respect of 2001. The survey is part of a European Union (EU) initiative providing EU-comparable data on e-commerce.
3. The survey used the definition of e-commerce that was agreed by the Organisation for Economic Co-operation and Development (OECD) and the EU: it is the method by which the order is placed which determines whether a transaction is e-commerce - not the payment or delivery channels.
4. 12,000 businesses were sampled for the 2001 survey, an increase of 3,000 from the 2000 survey. The ONS Inter Departmental Business Register (IDBR) was used as the sampling frame. The sectoral coverage of the survey was increased to include the Health and Social Work, Recreational and Cultural Sporting Activities and Other Service activities, and firms with less than 10 in employment were sampled for the first time. In addition the questionnaire was revised significantly for the 2001 survey following consultation with UK Government users and Eurostat. Year on year comparisons are therefore difficult and care should be taken in comparing the 2000 and 2001 estimates.
5. The 2000 estimates of the value of online trading, that is sales and purchases over the internet, have been revised due to company mis-reporting which has become apparent in the second year of the survey, and also because of improved estimation for non-response.
6. This release contains estimates relating to the non-financial sector, that is for firms classified to the non-financial sector of the UK economy on the IDBR. The methodology underpinning estimates for the value of trading online by the financial sector is currently under review given the particular measurement issues associated with capturing e-commerce activity, and the turnover of financial sector firms.
7. The broad sectors used in this release are defined as the following 2 digit sectors of the UK Standard Industrial Classification (SIC) (92):

Manufacturing/Electricity, gas, water supply/Construction 15-45

W'sale/Retail/Catering/Travel/Telecommunications 50-64

Computing/Other business services 70-74

Other services 85-93



8. The 2001 E-commerce survey results have been released in stages to allow further quality assurance of the estimates. An article discussing the measurement of the value of online trading by the financial sector will be published in due course.
9. There may be discrepancies between totals and the sum of their independently rounded totals.
10. The E-commerce Inquiry was carried out in line with the rigorous standards of all National Statistics. However, it is important to note that the survey is still in development given the nature of the area of activity being surveyed and the fast development of technologies.
11. Details on National Statistics policy governing the release of data are available from the Press Office.
12. **National Statistics** are produced to high professional standards set out in the National Statistics Code of Practice. They undergo regular quality assurance reviews to ensure that they meet customer needs. They are produced free from any political interference. © Crown Copyright 2002.